



C. Dukes Scott
Executive Director

STATE OF SOUTH CAROLINA
OFFICE OF REGULATORY STAFF

1401 Main Street
Suite 850
Columbia, SC 29201

August 8, 2013

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Application of Duke Energy Carolinas, LLC for Authority to Adjust and Increase
its Electric Rates and Charges
Docket No. 2013-59-E

Dear Ms. Boyd:

During the Duke Energy Carolinas' ("Duke" or the "Company") rate case hearing (Docket No. 2013-59-E), Commissioner Randall asked the Office of Regulatory Staff ("ORS") witness Leigh Ford whether the Company's pro forma adjustment to remove officers' compensation, which was incorrectly booked to the Carolinas, was incorporated in its Quarterly Financial Report ("QFR") filing with the Public Service Commission of South Carolina ("Commission").

To follow-up on Commissioner Randall's question, ORS reviewed the Company's QFR for the twelve months ended June 30, 2012 and determined that the adjustment to remove officers' compensation was not incorporated into Duke's QFR. If the Company were to incorporate its original adjustment to expenses of (\$277,000), there would be no impact to the adjusted return on equity ("ROE") of 7.54%. On an unrounded basis, the adjusted ROE would increase from 7.537% to 7.544%.

ORS does not recommend that the Company re-file its QFR with the Commission for the twelve months ended June 30, 2012, because incorporating this adjustment has minimal impact on Duke's QFR. Additionally, any rates approved by this Commission in this Docket will be based on an appropriately adjusted test year. In future QFR filings, Duke should ensure that

these types of expenses are not included as a cost to be borne by the Company's South Carolina retail customers.

Respectfully yours,

A handwritten signature in black ink, appearing to read 'C. Dukes Scott', with a long horizontal flourish extending to the right.

C. Dukes Scott

cc: All Parties of Record